

The General Packaging Industry

RENGO

2Q FY2021 (Apr.-Sept. 2021)

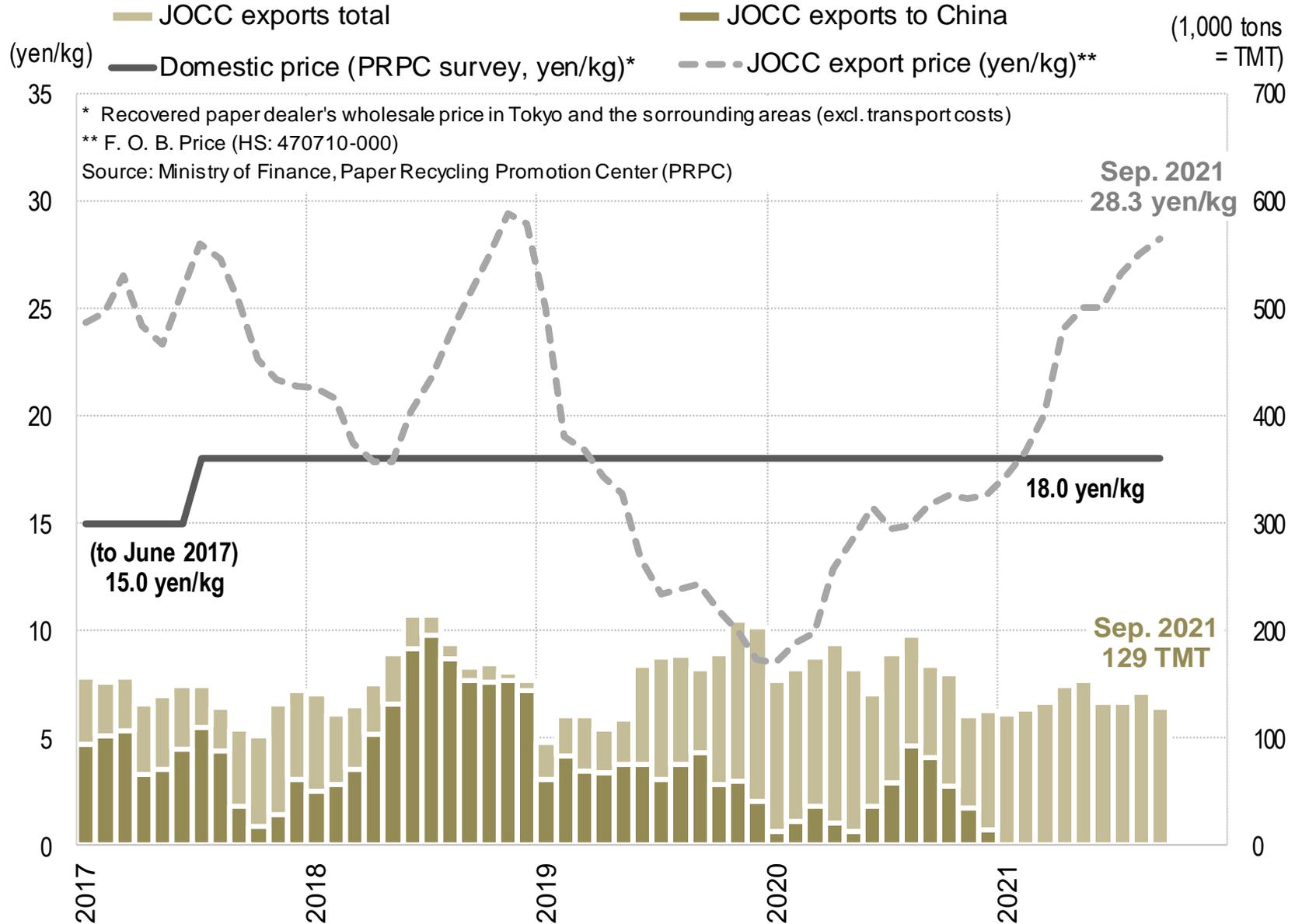
Earnings Presentation

November 25, 2021

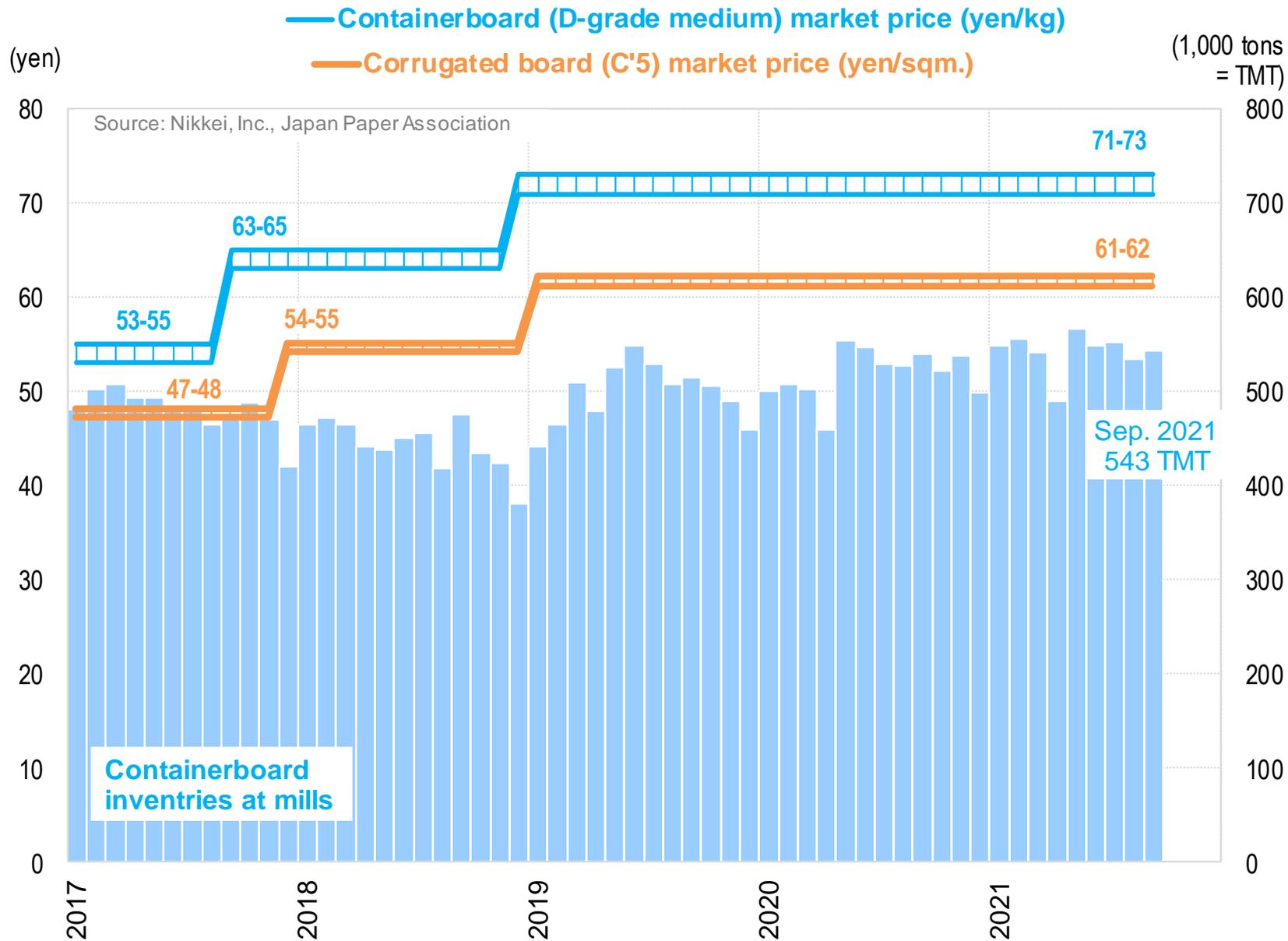
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1. Trends in Old Corrugated Containers (OCC)



2. Trends in Containerboard and Corrugated Board



3. Consolidated Statement of Income (Year-on-year)

(billion yen)

	Apr.-Sept. 2020	Apr.-Sept. 2021	YoY	Diff.
Net sales	329.4	363.6	110.4%	34.2
Operating income	17.8	20.3	113.8%	2.5
Ordinary income	19.3	22.5	116.4%	3.2
Extraordinary gain and loss	-0.8	4.6	-	5.4
Profit attributable to owners of the parent	13.0	19.1	146.9%	6.1

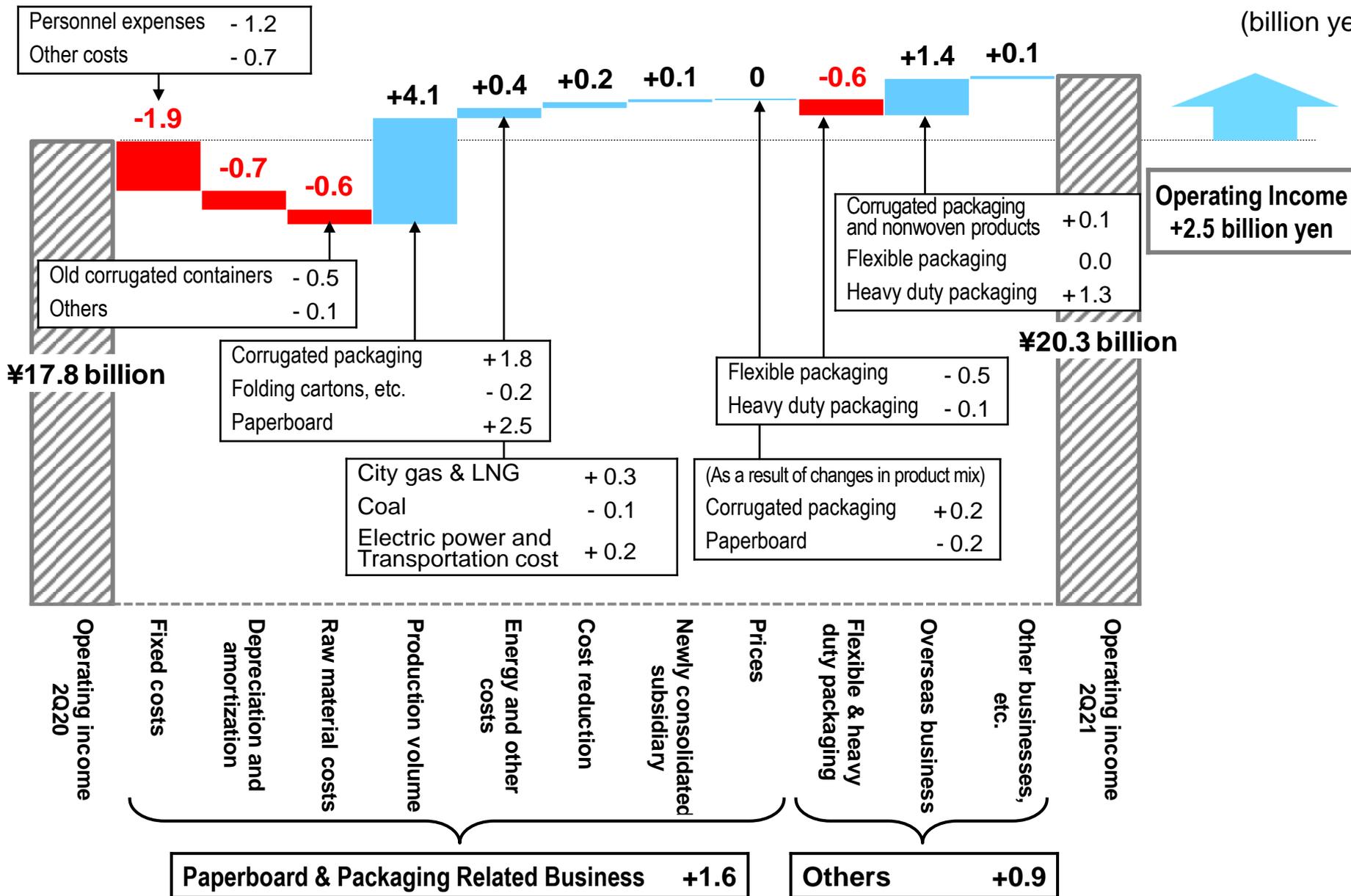
Main factors underlying extraordinary gain and loss

(billion yen)

	Apr.-Sept. 2020		Apr.-Sept. 2021
(Extraordinary gain)		(Extraordinary gain)	
Gain on sales of investment securities	0.1	Gain on sales of noncurrent assets	4.5
Insurance income	0.1	Gain on sales of investment securities	0.6
(Extraordinary loss)		(Extraordinary loss)	
Loss on sales/retirement of noncurrent assets	0.6	Environmental expenses	0.3
COVID-19 related expenses	0.2	Loss on sales/retirement of noncurrent assets	0.2
Loss on valuation of investment securities	0.1		
Plant renewal expenses	0.1		

4. Breakdown of Changes in Consolidated Operating Income (Year-on-year)

(billion yen)



5. Detailed Consolidated Performance (Year-on-year)

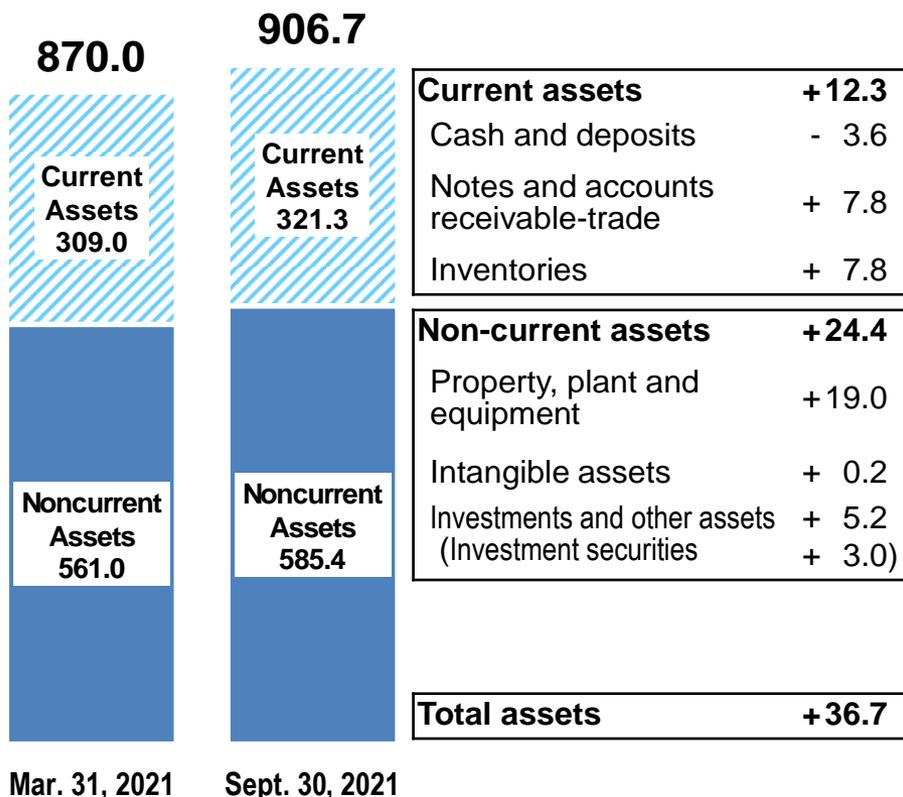
		Number of companies*		Net sales (billion yen)				Ordinary income (million yen)				Containerboard production (1,000 MT)			Corrugated board production (million sqm.)		
		2Q20	2Q21	2Q20	2Q21	YoY %	Diff.	2Q20	2Q21	YoY %	Diff.	2Q20	2Q21	YoY %	2Q20	2Q21	YoY %
1	Rengo (unconsolidated)	1	1	159.2	158.4	99.5	-0.8	12,066	13,015	107.9	949	865	941	108.8	1,068	1,069	100.1
2	Paper manufacturing subsidiaries	2	2	14.2	15.2	106.8	1.0	1,997	2,238	112.1	241	204	223	109.3			
3	Paperboard packaging subsidiaries	35	35	101.6	109.7	107.9	8.1	2,696	3,874	143.7	1,178				1,031	1,111	107.8
4	Flexible packaging subsidiaries	1	2	32.2	42.3	131.5	10.1	1,445	1,119	77.4	-326						
5	Heavy duty packaging subsidiaries	3	3	24.2	23.8	98.2	-0.4	1,601	1,535	95.9	-66						
6	Other subsidiaries	5	5	77.4	76.5	98.8	-0.9	1,138	1,361	119.6	223						
Domestic total (1 to 6)		47	48	408.9	425.8	104.2	16.9	20,943	23,142	110.5	2,199	1,069	1,163	108.8	2,098	2,180	103.9
7	Paperboard packaging & nonwoven products Subs.	9	9	9.3	11.8	127.5	2.5	132	371	281.1	239				131	148	113.0
8	Flexible packaging subsidiaries	3	3	5.8	7.5	130.8	1.7	641	674	105.1	33						
9	Heavy duty packaging subsidiaries	103	106	34.6	50.4	145.9	15.8	1,934	3,158	163.3	1,224						
Overseas total (7 to 9)		115	118	49.6	69.8	140.7	20.2	2,707	4,203	155.3	1,496	-	-	-	131	148	113.0
Simply aggregated (1 to 9)				458.5	495.6	108.1	37.1	23,650	27,345	115.6	3,695						
10	Companies subject to the equity method	16	16					1,357	1,465	108.0	108						
11	Intersegment eliminations			-129.1	-132.1	-	-3.0	-5,681	-6,306	-	-625						
Total (1 to 11)		178	182	329.4	363.6	110.4	34.2	19,326	22,504	116.4	3,178	1,069	1,163	108.8	2,229	2,327	104.4

* Changes in subsidiaries and affiliates compared to the prior year are as follows.

- One company increased and one company decreased in the domestic paperboard packaging subsidiaries (an addition of Kinyosha Printing Co., Ltd. and a change of Tarutani Packaging Co., Ltd. to a domestic heavy duty packaging subsidiary due to a merger by Tarutatani Industrial Packaging Corporation).
- One company increased in the domestic flexible packaging subsidiaries (Sun·Tox Co., Ltd., a former equity method affiliate).
- Three companies increased in the overseas heavy duty packaging subsidiaries (Tri-Wall Group subsidiaries).
- One company increased and one company decreased in the companies subject to the equity method (an addition of United Pulp and Paper Company Inc., and a change of Sun·Tox Co., Ltd. to a domestic flexible packaging subsidiary).
- One company is excluded from the above number of companies because its balance sheet has been only included in the current period (Taiko Paper Mfg., Ltd.).

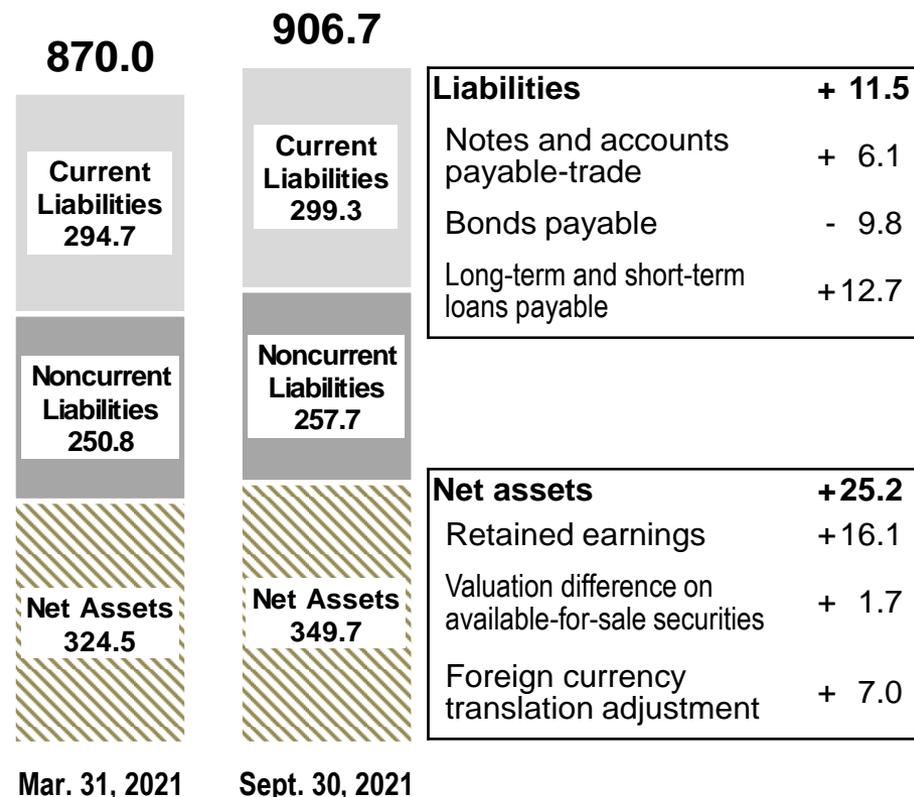
6. Consolidated Balance Sheet

Assets



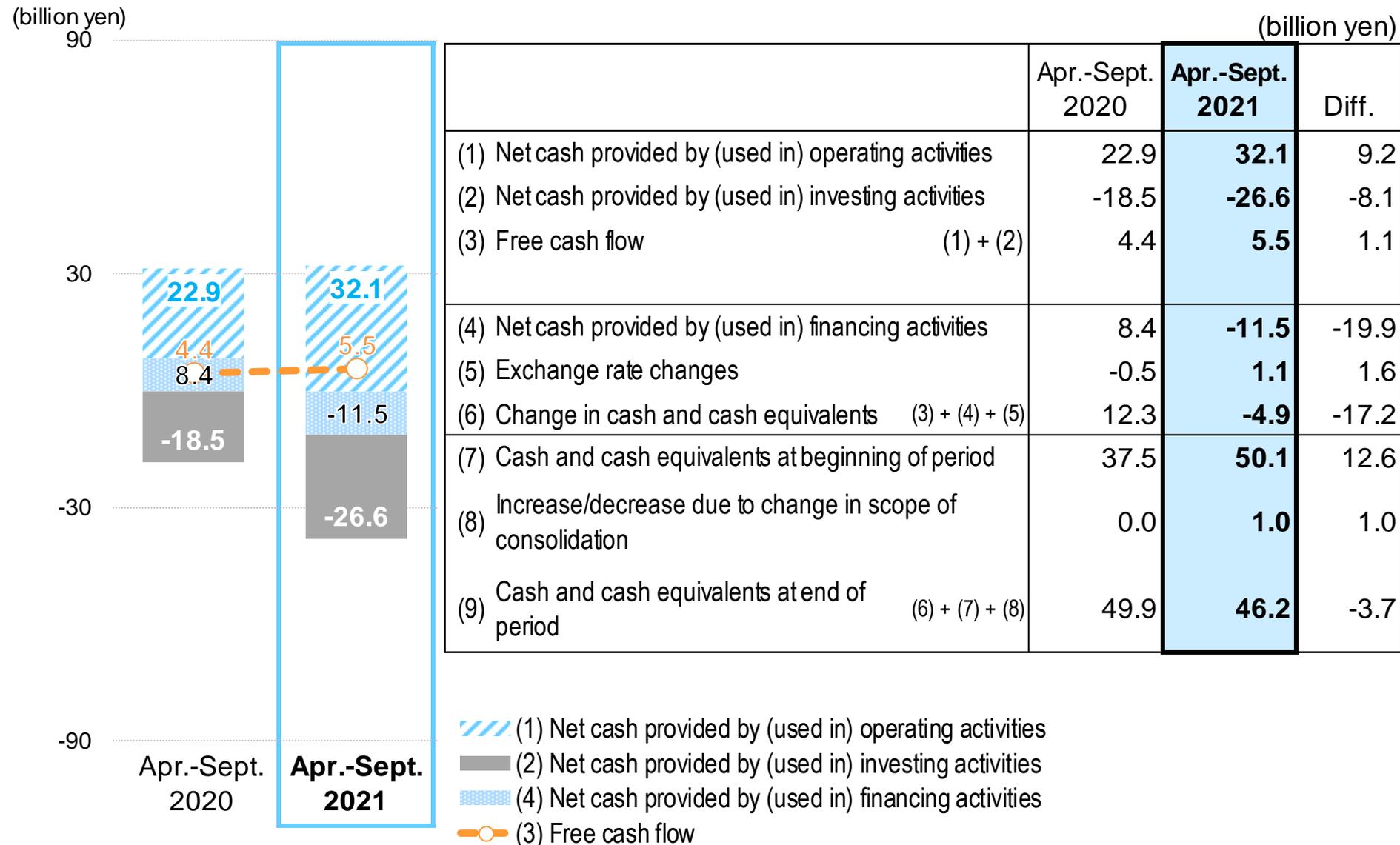
Liabilities & Net Assets

(billion yen)



	Mar. 31, 2021	Sept. 30, 2021	
Interest-bearing debt	¥330.6 bn	¥335.1 bn	(+4.5 billion yen)
Capital adequacy ratio	36.0 %	37.2 %	(+1.2 pts)
D/E Ratio	1.06 times	0.99 times	(-0.07 pts)

7. Consolidated Statement of Cash Flow



8. Consolidated Income Statement Forecast for FY2021 (Year-on-year)

Income statement

(billion yen)

	2Q21 Forecast	2Q21 Results	YoY
Net sales	358.0	363.6	5.6
Operating income	21.0	20.3	-0.7
Ordinary income	22.0	22.5	0.5
Profit attributable to owners of the parent	15.0	19.1	4.1

FY2021 Forecast	YoY	Diff.
723.0	106.2%	42.3
42.0	105.2%	2.1
44.0	101.9%	0.8
30.0	104.9%	1.4

9. Major Financial Indicators

		(million yen)	
		FY2020	2Q21
(1) Net sales		680,714	363,575
(2) Operating Income		39,938	20,295
(3) Ordinary Income		43,200	22,504
(4) Profit attributable to owners of the parent		28,599	19,078
(5) Total assets		869,992	906,733
(6) Total shareholders' equity ^{*1}		313,327	337,659
(7) Net assets		324,463	349,674
(8) Interest-bearing debt		330,645	335,062
(9) Capital expenditures		47,143	29,203
(10) Depreciation and amortization		38,114	19,879
*1 Total shareholders' equity = Net assets - non-controlling interests			
(11) Return on equity (ROE) ^{*2}	%	9.7	- (4) / (6)
(12) Capital adequacy ratio	%	36.0	37.2 (6) / (5)
(13) EBITDA	million yen	80,014	- (2)+(10)+Amortization of goodwill
(14) D/E Ratio	times	1.06	0.99 (8) / (6)
(15) Ratio of net sales to interest-bearing debt	%	48.6	- (8) / (1)
(16) Ordinary income margin	%	6.3	6.2 (3) / (1)
*2 Calculated with the average of equity at the beginning and the end of the year			
Cash dividends applicable to the period	yen	24	12 Annual plan for FY2021: 24 yen

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The description of the business plan and the financial forecasts is based on the information currently available.
Any forward-looking information is not a guarantee of future performance.